AFTER GLOBALIZATION: WESTERN POWER IN A POST-WESTERN WORLD

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Abstract

The crisis exploded in 2008 has been and continues to be much more than a physiological economic downturn, Indeed, it is a political and not only an economic crisis. Economic de-regulation and political re-Westphalization run hand by hand, as epitomized by the choices made by the two George W. Bush administrations (2001-2008). *Economic neo-liberalism* and *democratic imperialism* were the two strategies of a project of western-dominated world order. At the end of the 2010s, both strategies failed dramatically. Their aim to foster US and its western allies' power upon the world has been reversed. The world coming out from both failures is much less western than in the past. It is a post-western world that is shading the western power itself. Nevertheless, in the US and Europe the debate concerns alternative economic policy paradigms and not alternative projects of global governance.

Neoliberalism, Westphalization, US political system, EU intergovernmentalism

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The argument

There is a general consensus that the 2008 financial crisis has been more than a physiological economic downturn. However, the political side of the crisis is regularly neglected. The view is that the crisis has called into question the dominant economic paradigm, the idea that the deregulation of markets is the condition for speeding and diffusing economic growth. It was this idea that inspired the process of globalization since the early 1990s. Nevertheless, globalization was also guided by a political strategy, justified by a precise political paradigm. From a political point of view, it was assumed that economic deregulation might be governable by an international state system hierarchically controlled by the United States (US), the winner of the Cold War. The two George W. Bush presidencies (2001-2008) epitomized such intermingling between the (*neoliberal*) economic paradigm of market deregulation and the (*neoconservative*) political paradigm of Westphalization of the international system.

In fact, with the arrival of the neoconservatives at the White House (thanks to the election of the Republican candidate George W. Bush in 2000), and especially after the terrorist attack of September 11, 2001, the neoliberal economic strategy came to intertwine with a clear political strategy based on the idea that *America comes first.* A sovereigntist approach gradually emerged within the Republican party (Spiro, 2000), made public with the 'National Security Strategy of the United States' laid out on September 20, 2002 by president George W. Bush, to become the official doctrine of the Republican majority of both the presidency and Congress after the mid-term election of 2002. The unipolar moment of the beginning of the 1990s (Krauthammer, 1990-91) was gradually interpreted as a formidable window of opportunities for promoting a world order based on the imperial ambitions of the neoconservative coalition (Ikenberry, 2006; Cox, 2004). Globalization became instrumental for redesigning the world order on both its economic functioning and political hierarchies. In several neoconservative circles, indeed, it became common to refer to the US as a *democratic empire* (Thayer and Layne, 2006). It was the most ambitious project ever pursued by

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US leaders since the end of the Second World War. It was a Republican project with many Democratic supporters. This project had also enthusiastic supporters in Europe.

This gigantic project collapsed dramatically on both political and economic grounds. The deepening of instability in the larger Middle East has shown that the US has neither the military strength nor the political capability for behaving as an empire; the collapse of the financial international system has called into question the paradigm of self-regulating-markets; the diffusion of the crisis has shown that the US-led international state system does not have the resources for guaranteeing the management of global dynamics. At the end of the 2000s, the entire project showed to be an example of the follies of power (Calleo, 2009). The Westphalian project brought the US to face the lowest level of global reputation ever (APSA, 2009) and the European Union (EU) to live its most dramatic stalemate (Habermas, 2010). At the same time, the failure of the neoliberal project, combined with structural transformations induced by that failure, has accelerated the (relative) decline of the US (Moyo, 2010) and Europe (Thornton) vis-à-vis non-western countries.

With the election of Barack H. Obama at the presidency and the increase of the Democratic majority in Congress in the 2008 elections, both the neoliberal and neo-imperial strategies were abandoned but no alternative strategies have emerged. At the same time in Europe, notwithstanding the final approval of the Lisbon Treaty (entered into force on December 1, 2009), the debate continues to be not only nation-oriented but mainly focused on economic paradigms. In both shores of the Atlantic, the issue is how to manage national economies, not how to manage the end of the west. In fact, market-fundamentalists and state-fundamentalists are fighting as in the past, failing to to recognize that the world has entered a new epoch, an epoch which requires more than a change in the economic policy paradigm. A new epoch that is calling into question *globalization as we knew it* (McGrew and Held, 2007). The world coming out from the failure of both the economic and political paradigms is much less western than in the past. It is a post-western world that now is

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shading the western power itself. How will western powers react to this post-western and not only post-American (Zakaria, 2008) evolution of the world system? In order to answer this question, it is necessary to reconstruct the trajectory which brought the US to play a dominating role in the last decades and Europe to play a subordinate role to the US. That trajectory will help to understand whether the US and Europe have the domestic and ideological resources for facing the challenge ahead.

The domestic sources of the neoliberal model

Especially in the 1990s, the literature on globalization was a growth industry (A.A.V.V., 1997; Spybey, 1996; Waters, 1996). Globalization was identified with the spread of economic patterns that were tried out in the laboratory of the US first of all. The US was a forerunner in the information revolution that brought in its wake new forms of planetary communication; it was the leader in the unprecedented dislocation of the production process that brought great efficiency gains and it opened up its financial markets further and faster than anybody else. However, this process of globalization and its neoliberal development was the outcome of specific political choices and was supported by specific ideological frameworks, choices and frameworks originally defined within the US governmental system[1]. A new social coalition became gradually majoritarian in the US from the 1960s to the 1980s, kept together by a combination of economic interests (aimed to reduce the role of the federal state through a radical cut of federal taxes) and ideological resentments (aimed to react to the liberal policy of extending the civil rights to the Afro-American citizens pursued in the 1950s and 1960s). It was this combination which substantiated the neoconservative movement that,

[1] It is important to stress that US has a *separated* governmental system (Fabbrini, 2008). That is, the US has a governmental system in which separated institutions share governmental power. The president (the executive power) and the House of Representatives and Senate (constituting the two chambers of the legislative power or Congress) are elected by separated constituencies, operate according to different time span (four year for the president, two years for the House, six years for the Senate) and do not depend on each other for their action. However, because it does not exist a government as in parliamentary systems, all three separated institutions participate in the decision-making process through the complex mechanism of checks and balances. Of course, in a system of separation of powers, different political majority might form in each separated institution.

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through the Republican party, acquired a predominant role in American politics since the 1980s (Fabbrini, 2006a). "Not only were global capital markets established by political action –as some critics of globalization had noted- but their continued existence and the nature of their evolution remained subject to the needs and desire of states operating on very traditional political grounds", Cohen (2001, 21) remarked.

The interests and ideology of the US neoconservative coalition were all the more influential in promoting the opening and deregulation of the market on an increasingly larger scale. Since the two Reagan presidencies of 1981-1988, the US pursed a course in economic policy of liberalization and deregulation of large sectors of the economic and financial systems, with the aim of making them more competitive and dynamic. Thus supported by the new conservative Thatcher government in Britain (which lasted from 1979 to 1990, although the Tories remained in power till 1997), the US was able to set a neoliberal framework for the governance of the international markets which largely favored the domestic coalition of economic interests mobilized against the various social programs of the federal state and their fiscal implications. In other words, neoliberal policies started as a domestic strategy to neutralize and defeat the traditional New Deal coalition supporting public regulation of the market, social protection of the minorities and fiscal redistribution of wealth. Of course, in order to succeed externally, those policies required an international market hospitable to their expansionary thrust.

Again Cohen identified this link between domestic interests and international outcomes. He wrote (2001: 75):

"globalization as we know it in the United States is primarily the result of a political economic program and set of policy choices designed to expand the role of market institutions in American life. The greater immersion of American society into the global economy is one part of this larger strategy of reform, a strategy originating in a set of domestic calculations of interest and power and developed in the realms of politics and policy choice. This market-opening approach to the role of the state in American society was the dominant response to the crisis of the social compact in the 1970s, and it is to this political program that globalization owes its origin".

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In gestation in the Ronald Reagan 1980s, the neoliberal principles were thus uphold by the Clinton presidencies (1993-2000) that, on other grounds (i.e. in foreign policy), represented an alternative to the neoconservatives (who became the majority in Congress from the mid-term elections of 1994 to the mid-term election of 2006) [2]. President Clinton and his presidency (among which the then Treasury Secretary Robert Rubin) were instrumental in pushing towards a deregulation of the economic and financial market. Probably, the most significant act of this policy was the definitive repeal of the *Glass-Steagall Act*, which established in 1933 the Federal Deposit Insurance Corporation (FDIC) with its banking reforms, some of which were designed to control financial speculation. Some provisions such as Regulation Q, which allowed the Federal Reserve to regulate interest rates in savings accounts, were already repealed by the *Depository Institutions Deregulation and Monetary Control Act* of 1980. Thus, provisions of the *Glass-Steagall Act* that prohibit a bank holding company from owning other financial companies were repealed on November 12, 1999, through the approval by a Republican Congress and a Democratic President of the *Gramm-Leach-Bliley Act*. The two Republican presidencies of George W. Bush of 2001-2008 followed this path, adding the political project of democratic imperialism to the economic one of deregulated capitalism.

In sum, the idea that globalization requires a deregulated international market in order to spread all over the world became a sort of official economic ideology of both Democratic and Republican leaders, although the latter continued to be divided on how to interpret the political project of US superiority.

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[2] For the larger part of the 1990s, the US had a *divided government*, that is a situation in which one party controls the executive (the presidency) and the other party the legislature (the Congress). In fact, after the *unified government* of the period 1993-94 (in which the Democrats had the majority of both chambers of Congress and controlled the presidency with Bill Clinton), since the mid-term election of 1994 the Republicans got the majority of both chambers of Congress but Clinton remained president. With the contrasted election of George W. Bush in the presidential elections of 2000, the division in government was reduced. In fact, the Republicans kept the majority of the House of Representatives, although they lost for only one seat the majority in the Senate. Thus, in the mid-term elections of 2002, the Republicans got finally the control also of the Senate. Indeed, from 2003 to 2006, the US had the most cohesive unified government of the post second world war era, a truly party government leaded by a very partisan president (George W. Bush) (Rudalevige, 2005). With the mid-term election of 2006, the Republicans lost the majority in both chambers of Congress, thus opening a period (2007-2008) of divided government. With electoral success of the Democratic candidate to the presidency, Barack H. Obama, in the elections of 2008, and the increase of the Democratic majority in both chamber of Congress, the US has returned to the unified party government.

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The international diffusion of the neoliberal model

Once successful in the US, neoliberal policies were gradually adopted by other industrialized countries, finally becoming the predominant policy framework of the more important international institutions of financial and economic co-operation (i.e. the World Bank and the International Monetary Fund). In particular, trade liberalization was achieved through the various negotiating rounds of the General Agreement on Tariffs and Trade (GATT), negotiations which leaded up to the new World Trade Organization (WTO) with its cogent dispute settlement system (Risse, 2002). On pressure from the US, these international institutions for international economic governance redefined the structural requirements and the ideological frameworks of economic trade and financial transactions on a global scale. They institutionalized the so-called Washington consensus.

In fact, thanks to the powerful role exercised by the US in the international institutions, since the 1990s globalization came to acquire a specific feature. As Faux then (1997, p. 18) asserted, "the ideological hegemony of the US model is so complete that dissent is largely confined to complaints about the cost of transition to this laissez-faire future". For several observers, globalization had the inevitable outcome to create a global market where American corporations were the main economic actors. As Hutton said (in Giddens and Hutton, 2000. p. 41), "there is a dimension of globalization that is about opening up the world to American interests in particular and Western capitalism in general". The same author (Hutton, 1999, p. 54) previously stressed that the enforcers of globalization are "the US Treasury, the Federal Reserve, Wall Street, and the IMF. Its chief beneficiaries are US investment and commercial banks and the rest of Fortune 500", reminding his readers that "it is not simply capitalist values that are being transmitted to the globe; it is American capitalist values".

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However, this approach to globalization came soon to be adopted also by other industrialized countries. In Europe, after the failure of the nationalization policies pursued by the French socialist government in 1981-1983, a nationalization which brought the country on the edge of a financial bankruptcy, the reduction of national barriers and the deregulation of important economic sectors became the continent's priority. The approval (by the then European Community, now EU) of the Single European Act (SEA) in 1986 represented a crucial turning point in this transformation of the European political economy. The SEA, in fact, created the structural and normative conditions which made thus possible the approval of the Maastricht Treaty in 1992, with its pledge to conclude the building of a common market with the adoption of a common currency (the Euro), finally introduced in January 2002. Not by chance, it was the British neoliberal Thatcher government which strongly pressured for the approval of the SEA, interpreted as a tool for dismantling traditional protectionist policies within the member states of the EU, policies largely expression of the interests and values represented by the social-democratic parties. Interestingly enough, the British pressure had also undesired effects, at least for the Euro-skeptic Thatcher government. The SEA and the Maastricht Treaty, in fact, accelerating the process of economic and monetary integration, made urgent the need to govern the former with more integration on the political level (that the Euro-skeptics disliked) (Jabko, 2006).

The globalization process which took place till the late 2000s, thus, cannot be considered the natural outgrowth of the unbridled functioning of the economic market. On the contrary, it was the outcome of the global transfer of the neoliberal economic principles to the main international agencies as the IMF, the World Bank and the WTO in the wake of the neoconservative turn, since the 1980s, in the domestic politics of the US especially. It might not surprise that the process of globalization brought with it, along the 1990s and 2000s, a diffused critique of US policies (Katzenstein and Keohane, 2007; Fabbrini, 2006b). Nevertheless, the US was not the only promoter of this type of globalization, also because it was not the only beneficiary of it. As Risse (2002, p. 10) remarked at the beginning of the 2000s, "globalization (has come largely to mean)

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OECDization". Within the EU single market, the neoliberal approach to the deregulation of financial markets could enjoy the significant support of several EU member states, starting from the British (first Tory and then Labor) governments. Thus, globalization, although initially promoted by the US choices and policies, gradually acquired a dynamic of its own, ending up in benefitting a large variety of public and private economic interests. If this were not so, it might never have had the strength to develop as it did.

The emergence of the Westphalian paradigm

With the electoral success of the neoconservative coalition in the US presidential and congressional elections of 2000 were created the domestic conditions for combining the neoliberal economic model with a political project. Paradoxically, the terrorist attacks of 9/11/2001 created a formidable window of opportunities for implementing that project. After the conquest of safe majorities in both chambers of Congress with the mid-terms elections of 2002, that political project took the form of a declared strategy of *democratic imperialism*, a strategy celebrated by the invasion of Iraq in the Spring 2003 without United Nations Security Council's authorization (Daalder and Lindsay, 2003). The strategy of democratic imperialism tried to maximize, in political terms, the economic advantages brought to the US by the process of unregulated globalization.

The new political strategy cannot be confused with the traditional *hegemonic* approach pursued by the US during the Cold War era in its sphere of influence (Ikenberry, 2000). The latter approach was conceived as a way of promoting US interests in a multilateral context which required other interests be considered. Hegemonic stability was the formula adopted by the US in building the multilateral institutional system which substituted the failed balance of power system of the pre-second world war era. In the new multilateral system, the US was the preeminent actor, vis-à-vis its allies, but not the predominant one. The directing role recognized to the US by its allies was based on its military power, but also on its capacity to protect common and shared values. Hegemonic

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relations imply strength and legitimacy. The hegemonic actor directs through consent before than force. US hegemony was thus compatible with a western order organized around international institutions and multilateral alliances. To a certain extent, through the US hegemony, principles of constitutionalization of the international system came to be institutionalized within the US system of alliance. The same process of European integration, started between Paris and Rome in the first half of the 1950s, benefitted of this context favorable to a taming of national sovereignties.

With the end of the Cold War, it was inevitable to assume that those principles might be finally diffused at the global level. Indeed, the 1990s witnessed the multiplication of a network of multilateral and intergovernmental organization to shape a new world order constraining the international relations of the individual states (Slaughter, 2004). The Westphalian state, the undisputed protagonist of international politics of the modern era, appeared to be disaggregating in a plurality of agencies, connected one to the others across borders and operating according to the horizontal (transnational) logic rather than to the vertical (international) logic of the unitary sovereignty. At the same time, with the end of the Cold War the US emerged also as a truly hyperpower (Fabbrini, 2008), a power without any serious challenger to its position of command. This double-face international context triggered in the 1990s one of the greatest American debate on foreign policy since the end of the second world war, a debate which opposed two different internationalist schools, the unilateralists/unipolarists and the multilateralists/multipolarists[3].

The former stressed that, while the division of the Cold War kept the process of constitutionalization within the US sphere of influence and in particular within the transatlantic area, the end of the Cold War should represent a formidable occasion for extending the constitutional logic to the global system. The latter, on the contrary, kept asserting that a unipolar world was much more dangerous than the previous bipolar one, thus requiring a domineering role

[3] It is analytically important not to mix up the debate concerning the distribution of international power (how many poles?) with the debate on the exercise of the international power (alone or with others?). The first debate opposed unipolarists to multipolarists, the second unilateralists to multilateralists. Although the two cleavages frequently overlapped, they were (and are) not the same. On this, see: Cox, 2006; Jervis, 2005; Koening-Archibugi and Held, 2004; Halper and Clarke, 2004. For economy of discourse, here I accept that overlapping.

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by the US for guaranteeing its and global security and stability. The attack of 9/11 closed dramatically this debate. The power struggle developed within the US political elites for interpreting (and defining) the structure of, and the rationale for, a new global order was resolved by Osama Bin Laden. Globalization was thus interpreted by the winners as the condition for diffusing US power and not, as proposed by the losers, as an opportunity for constitutionalizing the world system according to western principles recognized as universal. The winners called immediately into question the very legitimacy of the multilateral system (created by the US in the very first place after the Second World War) (Ikenberry, 2006).

The success of the Westphalian paradigm

The project of the unilateralists/unipolarists was to foster the formation of an international state system hierarchically controlled by the US. In affirming the power of the US as a state, that project resolved in being the most crude celebration of the Westphalian principle since the end of the second world war. Such principle, in a unipolar context, implied the predominance of one (powerful) Westphalian state (the US) over other (less powerful) Westphalian states. The democratic imperialism' strategy thus represented the more spectacular return to the centrality of the Westphalian state in world politics. A Westphalian state which, in the US case, was considered virtuous by definition. Justified by the ancient ideology of American exceptionalism (Fabbrini, 2008), a Westphalian solution was pursued for dealing with the challenges and the opportunities of globalization. The democratic imperialism' strategy consequently tried to combine economic globalization (motivated by the neoliberal paradigm of de-regulated market) with political - Westphalization of international politics. Considering that the US started historically as a post-Westphalian project (Hendrickson, 2003), considering that it developed as a union of states organized domestically according to a multilateral logic (Fabbrini, 2010), considering finally that the domestic logic pressured it to promote a similar external logic once the country became an

international power (Hendrickson, 2009), then it appears evident the paradigmatic revolution introduced by the Bush's neoconservative in the American foreign policy in the 2000s.

The two George W. Bush presidencies (in particular during the period 2003-2006) were certainly internationalists, but not Wilsonian (Ikenberry *et al.* 2009). They belonged to the realist traditions that only states matter in world affairs, not international institutions or regimes. Indeed, through the new strategy, the US tried to dismantle the Wilsonian system of multilateral international institutions created in the aftermath of the second world war, for substituting it with a highly hierarchical international state system with the US at the top. This logic was not so different from the one adopted by the European powers before the second world war (Lieven, 2004). A part from formal respect to international (such as the UN) or supranational (such as the EU) institutions, the two George W. Bush presidencies explicitly searched for bilateral relations with other states, eventually for the formation of coalition of the willing constituted by like-minded and subordinated states.

Although the US and (a part of) Europe clashed on the crucial issue on how to interpret sovereignty (with the contenders now on reversed positions vis-à-vis the same clash exploded after the Second World War, Keohane, 2002), the Westphalian strategy found friendly hears, if not enthusiastic supporters, also in (part of) Europe. Along the 2000s, a powerful Westphalian coalition emerged within the EU, leaded by the UK but actively supported by the northern islands and not few of the new eastern European states (in particular Poland or the Czech Republic). For this coalition, in a globalized unregulated market system, the rationale for a regional economic integration was no longer as evident as it was in the past. Moreover, the de-regulation of global markets was considered a formidable opportunity for re-affirming nationalistic values, if not for restoring traditional national sovereignties eroded by the previous process of integration.

Thus, in the moment in which the EU tried to give finally a constitutional identity to the process of integration started in the aftermath of the second world war, a powerful nationalistic

wind blew again all over the continent. Inevitably, the Westphalian strategy ended up in obstructing the process of European integration during its constitutional moment (the elaboration and approval of the new constitutional treaty between 2003 and 2005), dividing the EU member states and their public opinions. The once weak group of the Euro-skeptics had become, through the various rounds of enlargement, an effective power bloc within the EU. If in the past this group opposed the political side of the process of integration but continued to support the economic side of the latter, in the second half of the 2000s even the project of the single market was subjected to criticism. A change expressed also by a linguistic revision. Integration was substituted by coordination, and coordination had to be pursued through an open method and not closed directives or regulations.

Submerged by the apparent success of the neoliberal paradigm, feared to be sidestepped by the US, and pressured by domestic constituencies furious with the eroding of the welfare states, the supporters of European integration withdrew in the defense of the traditional neo-mercantilist policies of the past (Calleo 2001). It seemed that regional integration was no longer a necessity for creating a peaceful order and promoting economic growth. The Westphalian wind arrived also in the EU member states more committed traditionally to the process of integration (such Germany, Netherland and Italy). Threatened by the insidious challenges brought by the process of integration and globalization (such as immigration, diffusion of criminality, urban decay), unleaded by domestic political elites interested merely in preserving their control of domestic public institutions, national public opinions came to entertain the idea that the nation state, after all, is the only shelter for preserving democracy.

In conclusion, although both economic and political paradigms were presented by their supporters (Kagan, 2004) as the expression of the interests and values of the western world, indeed they represented the ideological justification of specific interests and groups within the western world (and in the US in particular). Nevertheless, they were able to impose themselves as such because no alternative paradigms appeared along their road.

The failure of the neoliberal/neo-imperial paradigm

In fact, in the 1990s and 2000s, effective alternatives to the predominant economic and then political paradigms did not emerged. In the US, the only alternative to neoliberalism was the traditional protectionist policy advocated by well-trenched interest groups (in particular trade unions). The difficulty of elaborating a modern alternative to the deregulation's approach to globalization and the weakness of the anti-neoliberal forces within the main economic international institutions fostered an international opposition to the neoliberal globalization which was frequently defensive, protectionist, if not regional or local-oriented (although very active, Held and McGrew, 2007). The various anti-globalization movements of the last twenty years filled a void, highlighting the dark side of the neoliberal globalization consisting in increased income and social disparities within and between countries (Held and Ayse, 2006). However, they were unable not only of defining an alternative economic policy paradigm, but more in general to delineate a different model for the governance of globalization. Those movements, to use Robert Dahl (2005, p. 203) expression, were like "the canary in the mine", sending important signals of the incoming crisis but unable to elaborate a new approach to global governance.

Also the neo-mercantilist resistance of social-democratic and Christian-democratic European parties to the deregulation of the market was ineffective. In a way, those parties ended up in further justifying the Westphalian project, barricading themselves in the protection of their domestic constituencies through national and not supranational policies and authorities (as epitomized by the nationalistic turn of the French Socialist party, whose uncertainty was crucial for creating the conditions for the refusal of the EU constitutional treaty in the popular referendum held in France on May 2005). This incapacity to elaborate a strategy alternative to the Westphalian one is today expressed by the disconcerted re-nationalization of German politics. Paradoxically,

although divided in terms of economic policy paradigms, the US neoconservatives and the European neo-mercantilists shared the same political paradigm, the Westphalian one.

It is not by chance, thus, that the neoliberal and Westphalian strategies were defeated by their own mistakes. The former failed dramatically with the implosion of the deregulated financial markets in the late 2008, the latter in the streets of Iraq and the larger Middle East in mid-2000s. Indeed, the high domestic costs of the neoconservatives' imperial brought to a change of the political majority of the US Congress already in the mid-term elections of 2006, with the Democrats winning over the Republicans. At the same time, the financial crisis exploded in the September 2008, thus diffused all over the western world triggered the electoral success of the Democratic candidate for the presidency and the increase of the Democratic majority of Congress in the presidential and legislative elections of November 2008. However, the Democratic majority which emerged from both presidential and congressional elections of 2008 appeared to the expression of the voters' refusal of previous policies more than of their endorsement of a new political project.

Contrary to the George W. Bush's era, the unified government of the 2009-2010 has not given the president the breadth for delineating a project of the new era. On the domestic side, Obama has been absorbed by the swirl of the crisis, recurring *de facto* to a neo-mercantilist approach for saving the country's skin, although it presented such approach in pragmatic terms. The president and Congress have nationalized private banks and insurance companies, although they have laid down an array of legislative measures for curbing the speculative instincts of the financial institutions. At the end of June 2010, on pressure from the president, the House of Representatives passed a bill on financial regulation overhaul that would impose tighter regulations on financial firms and reduce their profits, would boost consumer protections, force banks to reduce risky trading and investing activities and set up a new government process for liquidating troubled financial firms. At the very end, the re-regulative approach has entered into Wall Street, empowering share holders and consumers and constraining managers and administrators. This

approach was supported by some of the same economic advisers to the new president (such as Lawrence Summers and Robert Rubin) who served under the old Clinton presidencies and who are certainly responsible for the outcome of those policies. Neoliberals are less strong than in the past, but they are still in the commanding positions. On the international side, the president has certainly tried to envision a new scenario of global cooperation in public talks of international resonance. However, those talks have not been followed by coherent actions. The Westphalian constellation is less strong than in the past, but it is still powerful, in particular in the Congress.

The predominant economic and political paradigms have produced dramatic consequences also in Europe. The deregulation of the markets, the weakening of the supranational institutions (such as the European Commission), the impotence of the various methods of coordination showed that the return to Westphalia might appeal nationalistic egos but not solve economic and political problems. Indeed, the Westphalization of Europe has left a pile of rubble, as shown by the Greek financial crisis, the budgetary problems of many EU member states (such as Spain, Portugal, Ireland, Italy), the growing public debt in countries such as UK and France. Freed from the supranational constraints, untied from the sharing of a political vision, the EU member states have re-discovered the easiness of economic free-riding within an intergovernmental project. Also in Europe, although the failure of neoliberal and Westphalian paradigms has been evident, domestic political predispositions and economic interests are constraining the delineation of an alternative strategy. Neo-mercantilists argue they were right in stressing the necessity of regulating markets, but their regulatory approach continues to be national. An example being the German chancellor Angela Merkel, preoccupied of preserving the German regulatory model at detriment of a supranational strategy. In the midst of the Greek crisis (on May 2010), she seemed to be more preoccupied of the outcome of the *lander*'s election in Rhine North-Westphalia than of the defence of the common European currency (Proissl, 2010). The opportunities for re-launching the European project given by the Lisbon Treaty continue to be dramatically neglected by European political elites.

At the end of the day, the Westphalization project has worked in favour of those non-democratic states that traditionally opposed the constitutionalization of the international system. China and Russia have profited from that process more than the US and the UK, because Westphalization has legitimized their traditional forms of behaviour previously considered inappropriate. The crisis of the Westphalian project has hit the US and its European allies, but it has left untouched the non-western Westphalian states. From the crisis has emerged a world which is decisively post-western, because of the structural transformations which have taken place also through the crisis. Globalization as we knew it is finished. How will be the after globalization's era? And. Moreover, how will the US and its European allies deal with these changes? In both shores of the Atlantic, the domestic coalitions of the Westphalian constellation are still powerful, as entrenched continues to be the idea that only nation states matter in terms of political power and democratic legitimacy. If domestic politics in the US and European countries was instrumental for pushing towards a specifically western project of globalization, the redefinition of this project in a post-western direction would require the re-structuring of those domestic conditions by political leaders in tune with those global transformations.

Conclusion

The economic and political crisis has left a very different world from the one imagined by neoliberals and neo-imperialists at the beginning of the 2000s. Western centrality in global governance, epitomized by the role played by the G-7 and western-dominated international institutions, has been reversed and it is going to be substituted by post-western developments. The G-20 is taking the place of the G-7, southern and eastern powers, like Brazil or Turkey, pursue their own foreign policy without coordinating with their traditional patron (the US), even in highly contested area such as Iran. The dream of a new Rome policing the world (Ferguson, 2004) through

the support of its peripheries (such as Anglo- or New Europe) has ended abruptly. Once woke up, the dreamer found a world radically different from the one dreamed.

The post-western world might register different governance outcomes, depending on the strategies that will be pursued (Gamble, 2010). In the US, the Obama presidency is trying to accommodate the country to a downsized role. The president himself seems to be aware that in a post-western world there are no longer the conditions, not only for a domineering but also for an hegemonic role by the US. In specific situations, the US might play the role of the leader, but leadership is a social relation based on persuasion not force, a position that needs to be conquered not taken for granted. However, this attempt to reframe the country's role is not be costless. Notwithstanding the unified government the president enjoyed in the period 2009-2010, he was unable to delineate a strategy going behind the Westphalian syndrome of the past. Of course, such syndrome continues to have many supporters in both parties, expressing one day with the voice of a general criticizing the military disengagement of the country in Afghanistan and another day with the voice of a senator criticizing the political engagement of the country with the international institutions. It is not surprising that, if president Obama is recovering successfully the global image of the US, at the same time his personal popularity at home is significantly declining (Pew Research Center, 2010).

At the same time, in Europe, the Greek crisis has ignited the Westphalian dream of some of the EU member states, but it has not been sufficient for calling into question the supporting paradigm of that dream. National leaders continue to entertain the paralyzing myth of national power, although this power is unjustified by real resources. The crisis continues to be approached on the basis of an intergovernmental approach, which stresses voluntary coordination at detriment of supranational integration. The same necessity to give a supranational economic governance to the EU member states adopting the euro continues to be unrecognized. Or, when recognized, it is interpreted as an occasion for promoting a sort of *Directoire* within the euro area, a steering

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committee composed of two or three states, the latest manifestation of the Westphalian syndrome. In the EU member states, politics continues to be national although policy can be governed only supranationally (Schmidt 2006).

A post-western world would require, more than ever, a post-Westphalian project of regulating market and politics through supranational and international institutions (see the debate in McClintock, 2010). Only through the promotion of a new architecture of global governance, aimed to constitutionalize the power relations between the actors of the global system, the US and Europe might hope to play a significant, if not a leadership's, role in the future. The preservation of the Westphalian approach, as the Europeans are already experiencing, implies marginalization if not irrelevance (Haas, 2010). If the crisis has both an economic and political side, then it seems implausible to come out from it through a simple change of the economic paradigm. Rather than going back to the battle between market fundamentalists vs. state fundamentalists, US and European political elites should better focus their energies on discussing which global governance's project the west should promote in a post-western world.

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